

ADVICE TO CHAPTER 13 DEBTORS

- 1) The purpose of filing a chapter 13 bankruptcy case is set up a plan whereby you make monthly payments to a assigned chapter 13 Trustee to pay back some or all of your debt over a period of not exceeding five years and to obtain a discharge of any remaining debts at the successful completion of your plan. Your first Plan payment will be due thirty (30) days after your case is filed and every month thereafter. These payments must be made timely before your plan can be confirmed. Otherwise, your case will be dismissed..
- 2) Even if you receive a discharge, there are some debts that are not discharged under the bankruptcy law. Therefore, you may still be responsible for such debts as student loans, alimony and support payments, criminal restitutions, debts owed to the government (traffic tickets, certain taxes, court fines etc.), and debts for damages caused by driving while under the influence of alcohol or drugs after discharge of your chapter 13 case. Unless, the full payment of the non-dischargeable debt has been paid and satisfied through your chapter 13 case.
- 3) If you own real estate and the plan is to pay any arrears through the chapter 13, **you must keep up the regular post-petition mortgage payments once your case is filed.** This is very important because if you do not he lender will file a motion for relief from the automatic stay and may proceed with foreclosure. If you do receive a motion for relief from stay and you want to oppose the motion you should immediately contact this office so we can request a hearing date and oppose the matter. There is additional fees involved in regard to opposing this matter and negotiating an Adequate Protection Cure Settlement (plan to cure the post-petition arrears through a minimum 6 month period)
- 4) If you have secured mortgage payments or car payment that are excluded from the chapter 13 plan and you want to keep this property, you must continue mailing in your regular monthly payment even if the lender is not sending you statements in the mail.
- 5) If you receive or are entitled to receive an inheritance due to someone's death within six months of filing this bankruptcy, it will be considered a party of the bankruptcy estate and must be reported and exempt, otherwise, a percentage of your general unsecured debt must be repaid through the chapter 13 bankruptcy to the extent of the non-exempt portion of your assets.
- 6) Liens survive bankruptcy. This means that although you are discharged of the responsibility to pay a debt, if that creditor has a lien against you or your property, by a recorded judgment or some other security interest, that lien will remain and you will not be able to sell that property to which the lien attaches without paying the lien amount unless that lien amount is included and full payment is made toward it through the chapter 13 bankruptcy.
- 7) If you owe considerably more for a vehicle that its current fair market value (FMV), and you have owned the vehicle for more than two and a half (2 1/2) years, the FMV becomes the secured portion of the debt and the rest is considered unsecured. This means that we can reduce your monthly car payment and secured portion that will be paid back with interest through the plan and the unsecured portion of the car will get the same percentage as all other general unsecured creditors. For ex, if you are in a zero percent plan to unsecured creditors, then the value

of your car will be stripped down to the secured portion.

8) If you owe any unsecured debts to a Credit Union, you should consider closing your share/checking/savings account(s) within the same credit union before you bankruptcy is filed. Most credit unions freeze your accounts once they receive notice of a Bankruptcy filing, and you may be denied access to your funds. If you want to continue doing business with the Credit Union, you must contact them as soon as possible and make them aware of your intentions. Regardless of what you decide to do, all debts must be listed in your bankruptcy.

9) You should also be aware that neither Bankruptcy Legal Group nor the bankruptcy Court has any legal or otherwise mandated relationship with the Credit reporting Agencies and their response to your bankruptcy is not guaranteed. Any negative items on your credit report(s) subsequent to the BK, erroneous or otherwise, should be disputed directly to the offending agency.

10) In addition to the pre-filing Credit Counseling Certificate (CCC) which is required on or before the day your BK is filed, a post-filing, pre-discharge certificate of debtor education (CDE) is also required to be filed with the court before your chapter 13 case is closed, otherwise, your case will be closed without your discharge and there will be additional attorneys fees and court fees in order to reopen your case so that we can file the CDE and re-close the case with the discharge. It is your responsibility to make sure you obtain the required financial management education and assure that Bankruptcy Legal Group has received and filed the certificate prior to the discharge of your chapter 13 case.

I/We acknowledge that I/We have received and read this disclosure

Date: _____ Debtor: _____